

From: Wayne Hedberg
To: Minerals
Date: 6/14/00 10:10AM
Subject: Phone conversation, DOGM Request for updated plans, Magcorp, Knolls Project - M/045/022

I returned a call to Lee Brown of Magcorp on June 14, 2000 wherein we discussed his concerns over the Division's May 19, 2000 letter which requested updated mine plan information for their Knolls Project.

Mr. Brown expressed significant concern over our request for this supplemental information given the timing of the ongoing lawsuit between Magcorp, the BLM and SITLA. He stated that his people were extremely busy with related and other operational matters presently and didn't have the time to provide all of the new detailed information our letter was requesting.

He also expressed concern as to our intentions given that we had cc'd both the BLM and SITLA with a copy of our May 19th letter. He stated that there were only 3 minor areas that have changed since we last calculated our bond estimate in 1989. He stated that there have been no other changes in their operations since the original permit was issued. He will provide an accounting of these 3 minor changes in his response letter.

He stated that yesterday he had sent his staff into our office to make copies of our file records concerning the information we had on file and had used to prepare the previous 1989 bond estimate. He said if their assessment of our records show we do not have all of the information that they have provided to all of the other regulatory agencies concerning their operations, then they will make sure we receive same.

I told Mr. Brown that while we are sensitive to their current position with the pending lawsuits, we did not have a hidden agenda and were not working with the BLM or SITLA to try and undermine the company or find some damaging information that we would turn over to those agencies to be used against Magcorp.

I informed Mr. Brown that we were simply trying to do our job of reassessing the existing reclamation estimate that is now over 10 years old. I understand that the timing seems suspect, but that it was just coincidence. I told him that we have made improvements and refinements in the way we are assessing bond estimates from 10 years ago and may now need supplemental detailed information that we didn't have or ask for originally.

He stated that they weren't trying to hide anything, but didn't want to generate a lot of new information for us (especially if nothing has changed) that the other agencies would then say they were never provided. He indicated that they would complete their assessment of the copied file records and provide a response letter accordingly.

I stated that depending upon how they responded, we may need to schedule a meeting with Magcorp and Division management to discuss this matter and their concerns further. He stated he didn't have a problem with this and felt we'd find a way to work out our respective concerns.

CC: Mary Ann Wright